Fiscal deficit touches 52.6% of BE till Oct, capex increases 32%

Tax revenue lags at 45% of Budget Estimates

ILLUSTRATION:BINAY SINHA

Monetary snapshot

	FY26 (₹ trillion) Budget Estimates	Actuals (Apr-Oct)	% of BE
Fiscal deficit	15.69	8.25	52.6
Capital expenditure	11.21	6.18	55.1
Tax revenue (net)	28.37	12.74	44.9
Non-tax revenue	5.83	4.89	83.9
Non-debt capital receipts	0.76	0.37	48.8
Revenue receipts	34.20	17.63	51.6

Source: CGA

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The government's fiscal deficit for the first seven months of 2025-26 (FY26) widened to ₹8.25 trillion, or 52.6 per cent of the Budget Estimates (BE), compared to 46.5 per cent in the corresponding period of last year. Capital expenditure (capex) increased by 32 per cent in April-October FY26, according to data released by the Controller General of Accounts (CGA) on Friday.

Tax revenue stood at 45 per cent of BE in the first seven months of FY26 compared to 50 per cent in the same period of FY25.

Gross tax revenue increased 4 per cent year-on year (Y-o-Y) during April-October FY26, with October recording an increase of around 13 per cent. Income tax receipts grew 6.9 per cent, whilecorporate tax collections rose 5.3 per cent.

Experts said meeting the gross tax revenue target of ₹42.7 trillion for FY26 would be difficult as it would require a Y-o-Y expansion of 22 per cent in the November-March 2026 period.

"With the later deadline for personal income tax behind us, the base effect has largely normalised. Given this, the steep ask of 24 per cent in the remaining months to meet the FY26 BE appears challenging. Notably, central goods and services tax (CGST) collections need to rise by 18 per cent during the last five months of FY26, which suggests a miss on this account," said Aditi Nayar, chief economist, ICRA Limited.

A continued push to public expenditure has raised the capex to 55 per cent of the budget target with a spending of ₹6.2 trillion in April-October FY26 as against 42 per cent of BE in the same period last year.

In order to stay within the BE, the capex, economists said, would have to contract by 14 per cent in the remaining part of FY26.

"A call will have to be taken in the next few months on the level of fiscal deficit since the targeted number of ₹15.68 trillion will correspond to a higher ratio.This is given that nominal gross domestic product (GDP) growth is falling short by 1-1.5 percentage points this year. Revenue from GST could be lower, which means that there may have to be a close monitor on the expenditure side," reckoned Madan Sabnavis, chief economist, Bank of Baroda.

The revenue expenditure for the April-October FY26 period was lower at 50.9 per cent compared to 54 per cent in the corresponding period last year.